

REPORT FOLLOW-UP

AGENCY: DEPARTMENT OF ENVIRONMENTAL QUALITY

On July 26, 2005, the Legislative Services Office released a Management Report on Internal Control for the Idaho Department of Environmental Quality for fiscal years 2002, 2003, and 2004. The Department was contacted on December 12, 2005, and this follow-up report addresses how it has responded to the two findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

FINDING #1. The Department's use of temporary employees may not be in compliance with laws, rules, and regulations.

The Department hires temporary employees for eight months of the year and then pays a temporary employment agency to keep these same employees at the same job the remaining four months of the year. The use of temporary employees in this manner increases the risk of a potential lawsuit in which employees may contend that they are actually full-time employees and, therefore, should receive all the benefits of full-time employees. Also, using temporary employees in this manner may not be in accordance with State policy and Internal Revenue Service regulations related to employee/employer status.

We recommended that the Department seek assistance from the Division of Financial Management, the Division of Human Resources, and the State Controller's Office to resolve this issue.

AUDIT FOLLOW-UP – Members of the Department's staff stated that they intend to comply with the State's policy, and we found no instances in which the Department hired temporary employees for periods longer than prescribed by State policy.

STATUS – CLOSED

FINDING #2 – Billing and accounting errors caused some information to be incomplete and inaccurate.

The Department's accounting is generally good, considering the large amount of accounting necessary for its many different programs. We found few accounting errors, but some of those found indicate that controls in the permit billing system should be improved. In one instance, the Department did not bill for, nor collect, \$10,000 when it issued an air permit.

We recommended that the Department review its internal control systems and make improvements. Specifically, we recommended that it review postings to customer accounts to ensure they are correct. We also recommended that the Department bill for the \$10,000 outstanding for the issuance of the air permit.

AUDIT FOLLOW-UP – The Department billed and received the \$10,000 and reviews and documents all changes to public water invoices. We found no errors during this audit.

STATUS – CLOSED